

Message Text

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PAGE 01 GENOA 00272 241504Z
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SUBJECT: TORRINGTON SITUATION

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MILAN - ALSO HOLD FOR TURIN

SUMMARY: TORRINGTON REPRESENTATIVES, COMPANY ATTORNEY
AVV. CLAUDIO CAMILLI (BAKER AND MCKENZIE), AND FORMER
PLANT GENERAL MANAGER ING. UMBERTO CALVI, MET WITH DR. MAZZEROLI
OF GEPI ON MAY 20 TO DISCUSS TERMS FOR SALE OF US COMPANY'S
PLANT FACILITY IN GENOA TO ITALIAN STATE AGENCY. MEETING WAS
CALLED AT GEPI'S INITIATIVE AND CONCLUDED AMICABLY WITHOUT
A FINAL SETTLEMENT. BOTH PARTIES AGREED TO RESUME SERIOUS
NEGOTIATIONS ONLY AFTER GOI ALLOCATES OPERATING FUNDS TO GEPI
AGENICES, INCLUDING SETTE GERI. END SUMMARY

1. AT THEIR MAY 20 MEETING, TORRINGTON AND GEPI NEGOTIATORS
DISCUSSED SALE AND OTHER CONDITIONS THAT WOULD COVER A
PROPOSED GEPI PURCHASE OF US COMPANY'S PLANT FACILITY,
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PAGE 02 GENOA 00272 241504Z

EXCLUSIVE OF SPECIALIZED NEEDLE MAKING MACHINERY. GEPI,
WHICH WOULD OPERATE THE FIRM AS SETTTE GERI, REPORTEDLY MADE
AN INITIAL OFFER OF LIRE 850 MILLION (\$960,000) FOR LAND
AND BUILDING, A FIGURE WHICH IS APPROXIMATELY HALF THAT
OF A RECENT APPRAISAL OF THE TORRINGTON PROPERTY. TORRINGTON
OFFICIALS MADE CLEAR THAT AN EVENTUAL SALES AGREEMENT WILL BE

CONDITIONED ON ITALIAN GUARANTEES THAT COMPANY WILL BE ALLOWED TO WITHDRAW ITS SPECIALIZED MACHINERY FROM THE PLANT, A CONDITION THAT THE GOI IS NOW APPARENTLY WILLING TO ACCEPT.

2. SINCE FUNDING FOR NEW GEPI AGENCIES, INCLUDING SETTE GERI, IS STILL AWAITING PARLIAMENTARY APPROVAL, TORRINGTON PARTICIPANTS DECLINED TO ENTER INTO SERIOUS NEGOTIATIONS FOR SALE OF COMPANY'S FACILITIES. DR. MAZZEROLI INFORMED TORRINGTON'S OFFICIALS THAT THE GOVERNMENT'S PLAN FOR FINANCING THE VARIOUS GEPI AGENCIES HAS THE SUPPORT OF ALL THE POLITICAL PARTIES THUS ASSURING PARLIAMENTARY APPROVAL. HE COULD NOT PREDICT WHEN SUCH APPROVAL MIGHT BE FORTHCOMING BUT SPECULATED THAT IT MAY BE WITHIN THE NEXT TWO MONTHS. TORRINGTON, HOWEVER, PREFERRED TO SUSPEND NEGOTIATIONS UNTIL SETTE GERI IS ASSURED OF FINANCING AND CAN MEET ITS TERMS OF ANY AGREEMENT, E. G. PERMIT TORRINGTON TO ENTER ITS FORMER PREMISES AND AND DISPOSE OF ITS MACHINERY.

3. ALTHOUGH TORRINGTON IS CONFIDENT THAT A SETTLEMENT CAN BE NEGOTIATED, IT DOES NOT PLAN TO WITHDRAW ITS CRIMINAL AND CIVIL SUITS PENDING AGAINST THE PUBLIC AND UNION OFFICIALS RESPONSIBLE FOR THE ILLEGAL OCCUPATION OF ITS FACILITY. (REF A). ACCORDING TO CALVI, GEPI'S NEGOTIATOR HAD HOPED TO REACH AN AGREEMENT IN PRINCIPLE WITH TORRINGTON THUS CAUSING THE US COMPANY TO DROP ITS LEGAL CHALLENGES. TORRINGTON, HOWEVER, PLANS TO KEEP THE PRESSURE ON THE GOI UNTIL SETTE GERI IS GUARANTEED STATE FINANCING.

4. TORRINGTON HAS LEARNED THAT SETTE GERI PLANS TO LEASE THE LIMITED OFFICIAL USE

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PAGE 03 GENOA 00272 241504Z

US COMPANY'S FACILITIES TO A FRENCH FIRM, LA BOURSE OF TROYES, FOR THE PRODUCTION OF PRESSURE GAUGES AND KNITTING NEEDLES. THE FRENCH COMPANY WILL INSTALL ITS OWN EQUIPMENT FOR THE LIMITED PRODUCTION OF NEEDLES, WITH PRESSURE GAUGES THE PRIMARY PRODUCT. THE INCLUSION OF A SMALL NEEDLE PRODUCTION CAPACITY IS OBVIOUSLY DESIGNED TO GAIN UNION AGREEMENT TO ABANDON PLANT OCCUPATION, THUS ALLOWING TORRINGTON TO WITHDRAW ITS EQUIPMENT.

5. COMMENT: A SETTLEMENT TO THE LONG-STANDING TORRINGTON PROBLEM APPEARS POSSIBLE. THE TERMS OF THE PROPOSED SETTLEMENT OUTLINED AT THE MAY 20 MEETING APPEARS TO CONTAIN ELEMENTS SATISFACTORY TO ALL PARTIES: I. E. TORRINGTON WILL BE ABLE TO REMOVE ITS EQUIPMENT FOR THE PLANT; THE NEW GEPI OWNERS WILL RETAIN A MODEST KNITTING NEEDLE PRODUCING CAPACITY; AND THE UNIONS CAN BE SATISFIED THAT THEIR NEARLY TWO YEARS "SEIZURE" WAS NOT FOR NOUGHT.DISCIULLO

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